

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
National Exchange Carrier Association, Inc.	)	WC Docket No. 03-261
Proposed 2004 Modification of Average	)	
Schedule Formulas	)	DA 04-40

**COMMENTS  
of the  
ORGANIZATION FOR THE PROMOTION AND  
ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES**

**I. INTRODUCTION**

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) hereby submits these comments regarding the National Exchange Carrier Association's (NECA) proposed modifications to the average schedule formulas for the period July 1, 2004 through June 30, 2005. OPASTCO is a national trade association representing more than 550 small telecommunications carriers serving rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve over 3.5 million customers. All of OPASTCO's members are rural telephone companies as defined in 47 U.S.C. §153(37).

Average schedules continue to be a very important settlement mechanism for many small incumbent local exchange carriers (ILECs). The schedules benefit nearly 500 study areas by allowing them to receive interstate access compensation without incurring the administrative burden and cost of performing extensive cost separation studies. Approximately 35 percent of OPASTCO's members receive their interstate settlements based on NECA's average schedule

formulas. Consequently, OPASTCO takes great interest in NECA's proposed revisions. After careful review, OPASTCO recommends that the Pricing Policy Division promptly approve NECA's proposed modifications for July 1, 2004 implementation.

## II. COMMENTS

NECA's proposed average schedule formula modifications would produce an overall 1.42 percent decrease in settlements to average schedule companies.<sup>1</sup> This is due to minor adjustments in formula levels that reflect current cost and demand data as well as changes in technology and network configuration.

Apart from these adjustments, NECA's proposed 2004 – 2005 average schedule formulas are essentially the same as those that the Commission approved for the 2003 – 2004 period. The formulas continue to incorporate the five-year sampling design developed in 1998, which was first introduced in the year 2000 study. This updated design reflects new populations of average schedule and cost companies, and includes a special stratum of small companies with fewer than 200 access lines per exchange.<sup>2</sup> In addition, NECA's proposed formulas reflect the allocation rules mandated in the Multi-Association Group (MAG) Order<sup>3</sup> adopted by the Commission in October 2001.<sup>4</sup>

While the overall impact of NECA's proposed formula modifications is a 1.42 percent decrease in settlements, a small number of companies would experience a settlement decrease

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<sup>1</sup> National Exchange Carrier Association, *2004 NECA Modification of Average Schedules* (fil. Dec. 29, 2003), p. I-5 (2004 NECA Modification).

<sup>2</sup> *Id.*, pp. I-4-5.

<sup>3</sup> *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fifteenth Report and Order, *Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation*, CC Docket No. 98-77, Report and Order, *Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers*, CC Docket No. 98-166, Report and Order, 16 FCC Rcd 19613 (2001) (MAG Order).

<sup>4</sup> 2004 NECA Modification, p. IV-3.

greater than ten percent.<sup>5</sup> For this reason, OPASTCO supports NECA in its request that the Commission consider the need for transitional support in the event that any average schedule company files a petition demonstrating a hardship.<sup>6</sup> A reasonable transition period would allow these ILECs to cushion the burden that may result from a decrease in revenues.

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<sup>5</sup> *Id.*, p. I-7 and Appendix E.

<sup>6</sup> *Id.*, p. I-7.

### III. CONCLUSION

Pursuant to Section 69.606(a) of the Commission's rules, NECA's proposed average schedule formulas would simulate the disbursements that would be received by a representative cost company. OPASTCO therefore recommends that the Pricing Policy Division promptly approve the formulas as proposed to become effective on July 1, 2004 and consider the need for transitional support for any company that demonstrates a hardship from the settlement changes.

Respectfully submitted,

**THE ORGANIZATION FOR THE  
PROMOTION AND ADVANCEMENT OF  
SMALL TELECOMMUNICATIONS COMPANIES**

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January 30, 2004

### **CERTIFICATE OF SERVICE**

I, Jeffrey W. Smith, hereby certify that, on this, the 30<sup>th</sup> day of January, 2004, a copy of OPASTCO's comments was hand delivered or sent by United States mail, first class, postage prepaid, to those listed on the attached sheet.

By: /s/ Jeffrey W. Smith  
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**SERVICE LIST**

**WC Docket No. 03-261**

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